



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0326	Title:	Revise state land laws
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Primary Sponsor:	Hinkle, Jedediah	Status:	As Amended in Senate Committee
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|-----------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$9,420	\$9,453	\$822	\$833
Trust Admin Account SSR (02)	\$10,900	\$10,900	\$914	\$927
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,480	\$1,447	\$92	\$94
Other	(\$1,480)	(\$1,482)	(\$126)	(\$128)
Net Impact-General Fund Balance:	<u>(\$9,420)</u>	<u>(\$9,453)</u>	<u>(\$822)</u>	<u>(\$833)</u>

Description of fiscal impact: SB 326, as amended, requires the Department of Natural Resources and Conservation (DNRC) Trust Land Management Division (TLMD) to post notice and issue a press release or public service announcement prior to implementing restrictions to recreational use on state lands. It also requires a biennial report to the Environmental Quality Council (EQC) on existing and proposed road closures and restrictions, as well as travel management planning by the department and in conjunction with federal agencies.

FISCAL ANALYSIS

Assumptions:

1. TLMD manages approximately five million surface acres and six million subsurface acres on behalf of the numerous trust beneficiaries. Land management activities on these acres are in four programs: agriculture and grazing (including recreational use), real estate, minerals and forest management. The land management activities are diverse and statewide, including minerals management for oil, gas, and coal; real estate activities, including commercial development, rights-of-way, utility leases, land sales, exchanges, and acquisitions; agriculture and grazing leases, and recreational use; and forest management, including timber

harvest, and forest improvement activities. The division has four bureaus, six area offices and numerous unit offices that are responsible for land management activities statewide.

2. For fiscal note purposes, it is assumed that three restrictions would be implemented on an annual basis. Section 1 of the bill requires public notice and posting of the proposed restriction at frequent access points on the tract. Public notice costs are estimated to be \$250 and posting costs are estimated to be \$50 for each restriction, for a total annual cost of \$900.
3. Approximately 66 tracts have restrictions in place under current administrative rules.
4. Section 2 of the bill requires reporting to EQC on road closures and restrictions and travel management planning. Additional GIS work will be necessary to develop a road layer map that can be used for planning and reporting to the EQC. Contracted services costs to develop these maps are estimated to be \$10,000 for FY 16 and \$10,000 for FY 17.
5. These costs would be paid from the division's primary funding source, the state special revenue account – trust administration account (fund 02938). The account is funded by a portion of the revenues generated by land management activities from the trust beneficiaries' distributable revenue stream.
6. An inflation factor of 1.5% has been added to costs for FY 18 and FY 19.
7. An increase in the trust administration account represents a reduction in the distributable revenue stream for the trust beneficiaries. The costs for fiscal note purposes were allocated based on surface acres by trust. The trust beneficiaries are common schools (K-12), the university system (Montana State University, Montana Tech, the state normal school [Eastern and Western] and University of Montana), other trusts (School for the Deaf and Blind, State Reform School – Pine Hills) and the public buildings trust.
8. Reductions to the common schools distributable revenue are allocated 95% to the guarantee account and 5% to the common schools permanent fund.
9. Reductions in the deposits to the common schools permanent fund reduce interest in the fund and distributable interest to the trust.
10. The permanent fund generates interest for the trust beneficiaries. Interest for the common schools trust is distributed 95% to the common school guarantee account annually with 5% reinvested in the permanent fund. Interest on the common schools permanent fund is forecasted at a rate of 3.70% for FY 2016, 3.50% for FY 2017, 3.30% for FY 2018, and 3.10 for FY 2019. Interest rates were provided by the Board of Investments, whose responsibility it is to manage the trust and legacy fund.

Fiscal Note Request – As Amended

(continued)

Expenditures:

Operating Expenses	\$10,900	\$10,900	\$914	\$927
TOTAL Expenditures	\$10,900	\$10,900	\$914	\$927

Funding of Expenditures:

General Fund (01)	\$9,420	\$9,453	\$822	\$833
Trust Admin Account SSR (02)	\$10,900	\$10,900	\$914	\$927
SSR Guarantee Acct - Base Aid	(\$9,420)	(\$9,453)	(\$822)	(\$833)
TOTAL Funding of Exp.	\$10,900	\$10,900	\$914	\$927

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
Trust Admin Account	\$10,900	\$10,900	\$914	\$927
SSR Com School Guar Acct	(\$9,420)	(\$9,453)	(\$822)	(\$833)
Perm Fund (09)-CS Trust	(\$495)	(\$497)	(\$43)	(\$44)
University Trusts Dist	(\$367)	(\$367)	(\$31)	(\$31)
Other Trusts Dist	(\$222)	(\$222)	(\$19)	(\$19)
Public Buildings Dist	(\$396)	(\$396)	(\$33)	(\$34)
TOTAL Revenues	\$0	(\$35)	(\$34)	(\$34)

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$9,420)	(\$9,453)	(\$822)	(\$833)
Trust Admin Account	\$0	\$0	\$0	\$0
SSR Com School Guar Acct	(\$9,420)	(\$9,453)	(\$822)	(\$833)
Perm Fund (09)-CS Trust	(\$495)	(\$497)	(\$43)	(\$44)
University Trusts Dist	(\$367)	(\$367)	(\$31)	(\$31)
Other Trusts Dist	(\$222)	(\$222)	(\$19)	(\$19)
Public Buildings Dist	(\$396)	(\$396)	(\$33)	(\$34)

Sponsor's Initials

Date

Budget Director's Initials

Date